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THE Poultry and Egg SITUATION

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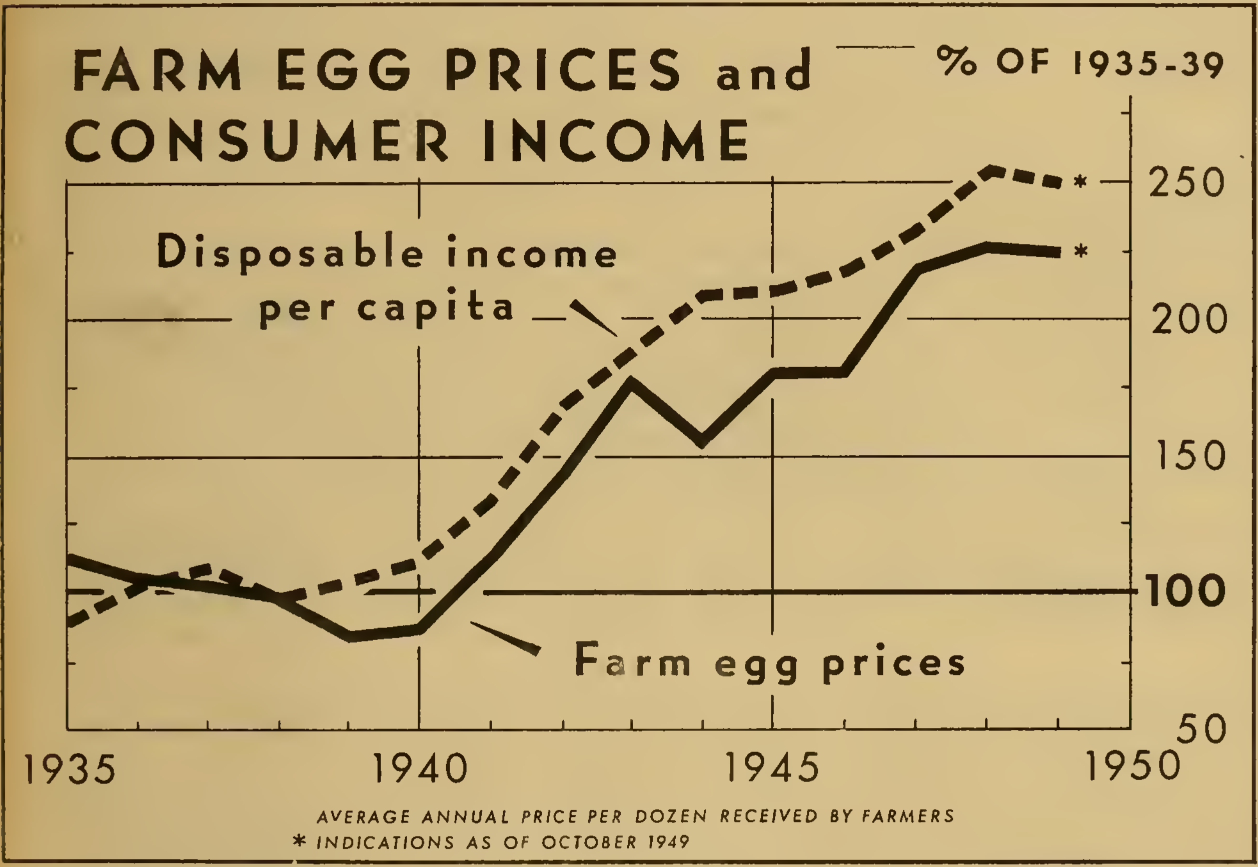

U. S. DEPARTMENT OF AGRICULTURE NEG. 47416-XX BUREAU OF AGRICULTURAL ECONOMICS

The level of farm egg prices, on an annual basis, is very closely associated with the level of disposable incomes in the United States. While there have been departures from the generally close association between the two factors - as during the great egg surplus of 1944, and during the years when egg price ceilings were effective - egg prices generally are high when incomes, employment, and business activity are favorable. The demand-price association shown above continued even though per capita egg consumption increased almost 30 percent during the 15-year span.

The Poultry and Egg Situation at a Glance

Item	Unit	Month	Average 1938-47	1948	1949	Month	Average 1938-47	1948	1949	Comments on current situation.
				Eggs						
Farm production	Mil. doz.	Aug.	289.5	325.5	321.1	Sept.	250.3	293.0	298.0	
Average number of layers on farms	Million	do.	281.9	285.6	286.3	do.	297.1	305.1	308.8	
Rate of lay per hen	Number	do.	12.3	13.7	13.5	do.	10.1	11.5	11.6	September 1949 a record for the month.
Apparent civilian per capita disappearance	do.	do.	27.9	31.2	29.2	do.	26.6	30.2		
Frozen egg production	Mil. lb.	do.	---	7.5	7.7	do.	---	3.9		
Dried egg production	do.	do.	---	5.9	4.0	do.	---	3.9		
Prices received by farmers	Ct.per doz	Sept.	34.6	51.4	52.5	Oct.	37.6	54.7		
Prices received by farmers as a percentage of parity	Percent	do.	90	89	94	do.	87	88		Average for January-September 1949 is slightly over 91 pct.
Retail price (BAE)	Ct.per doz	Aug.	42.9	69.4	70.0	Sept.	47.0	70.7		
Egg-feed ratio	Lb. feed	Sept.	13.7	13.1	15.2	Oct.	15.0	14.9		Favorable to producers.
Stocks:										
Shell	1,000cases	do.	6438	4608	1426	do.	5081	3290	818	Low
Frozen	do.	do.	6070	6225	3916	do.	5445	5359	3234	
Dried	Mil. lb.	do.	---	25.7	689	do.	---	27.2	70.5	Practically all Government owned.
Chicks hatched by commercial hatcheries	Million	Aug.	34.9	47.2	52.2	Sept.	27.7	44.5	53.1	
Potential layers on farms	do.	Sept.	1/592.5	535.0	557.9	Oct.	521.8	501.5	517.8	Indicates more layers for farm flocks in early 1950 than this year.
Hens and pullets of laying age	do.	do.	307.8	287.5	288.3	do.	312.4	322.7	329.4	
Pullets not of laying age	do.	do.	284.7	247.5	269.6	do.	209.4	178.8	188.4	
Farm price of poultry ration	Dol.per cwt	do.	2.61	3.93	3.46	do.	2.60	3.68		Holding steady.
				Poultry						
Prices received by farmers for chickens	Ct. per lb	Sept.	21.2	31.9	24.4	Oct.	20.9	29.9		
Prices received by farmers as a percentage of parity	Percent	do.	114	112	88	do.	111	105		Average for January-September 1949 is 99 percent.
Retail price of chickens (BAE)	Ct. per lb	Aug.	36.4	55.5	54.3	Sept.	38.3	57.5		
Prices received by farmers for turkeys	do.	Sept.	24.7	43.3	34.3	Oct.	26.6	42.7		Above supports.
Stocks:										
Poultry, excluding turkeys	Mil. lb.	do.	88.5	74.9	62.7	do.	106.1	93.2	96.2	Increasing seasonally.
Turkeys	do.	do.	20.7	13.3	20.8	do.	18.7	15.1	33.8	
Chicken-feed ratio	Lb. feed	do.	8.4	8.1	7.1	do.	8.2	8.1		
Turkey-feed ratio	do.	do.	9.6	11.0	9.9	do.	10.1	11.6		120 month average ratio 1938-47, is 10.0
Average weekly receipts of poultry at Central Western Primary Markets, per plant	1,000 lb.	Aug.	25.4	23.2	29.5	Sept.	33.0	29.3	35.5	Seasonal peak normally in September or October.
Average weekly placements of chicks in 7 broiler areas	Million	do.	---	3.9	4.5	do.	---	3.7	5.2	

1/ Average 1943-47.

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THE POULTRY AND EGG SITUATION

Approved by Outlook and Situation Board October 13, 1949

SUMMARY

American farmers in 1950 are likely to raise somewhat fewer chickens and turkeys than the very large numbers they produced this year. However, egg supplies in the coming year will remain abundant. The laying flock on January 1 will be larger than a year earlier, and January-June egg production will accordingly exceed this year. The farm prices likely to result may induce farmers to raise fewer chickens in the spring of 1950. This leads to a prospect of a smaller laying flock in the fall.

The possible smaller egg production which may result in the later months of 1950 may be largely offset by an expected increase in commercial cold storage holdings compared with 1949.

The prices paid to farmers for eggs and chickens, including broilers, are likely to average lower in 1950 than in 1949. This is indicated by the prospect that economic activity and consumer demand will continue to decline slightly from the 1948 peaks, and also by the prospective supplies of eggs and poultry meat. Through the first half of 1950, eggs will be more plentiful than in 1949. In the early fall, normal-sized storage stocks would tend to partly compensate for seasonally low egg supplies, with the result that sharp and sudden price peaks may be avoided. Poultry supplies in the first months of 1950 are likely to include much larger cold storage stocks of chicken and turkey than the year before. Before mid-year, marketings of farm chickens will increase seasonally. This prospect does not indicate that poultry prices will rise significantly from September 1949 levels. Since September prices are lower than the average to date for 1949, the 1950 average price is likely to be significantly under 1949.

The declines expected in 1950 from the high 1949 levels of chicken and turkey output are likely to be more moderate than would be expected on the basis of price outlook alone. The record large feed supplies for the year 1949-50, plus the availability of family labor on farms and the desire to maintain farm income, may partly offset price prospects in determining the volume of 1950 poultry output. Prices for poultry ration in 1950 are expected to be lower than in 1949 but not by enough to offset the effect of the prospective decline in egg and poultry prices upon farmers' incomes from the poultry enterprise.

Table 1.- Eggs and poultry: Production and related factors compared with United States population, 1930-49

Year	Population July 1	Index of population July 1 (1935-39=100)	Index of poultry and egg production (1935-39=100)	Potential layers, Jan. 1	Eggs produced on farms	Chickens raised excluding commercial broilers	Sales and farm consumption of chickens				Turkeys raised
							From farm flocks 1/		From specialized broiler production	Total	
							Young birds	Mature birds			
	Mil.	Percent	Percent	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
1930	123.8	95.4	106	420	39,067	777				733	17
1931	124.8	96.1	101	402	38,532	709				660	18
1932	125.6	96.8	99	386	36,298	736				665	22
1933	126.3	97.3	100	391	35,514	750				696	23
1934	127.1	97.9	96	385	34,429	644			34	656	22
1935	128.0	98.6	92	350	33,609	658			43	627	21
1936	128.9	99.3	99	363	34,534	715	252	378	53	683	28
1937	129.6	99.9	101	380	37,564	601	278	289	68	635	26
1938	130.7	100.7	101	353	37,356	651	238	316	82	637	27
1939	131.7	101.5	110	377	38,843	697	252	349	106	707	34
1940	132.8	102.3	112	393	39,695	634	285	286	143	714	34
1941	134.1	103.3	120	381	41,878	745	244	366	192	802	33
1942	135.5	104.4	139	428	48,597	844	275	412	228	915	33
1943	137.4	105.9	162	489	54,539	1,001	350	524	285	1,159	32
1944	138.9	107.0	166	524	58,530	832	403	388	265	1,056	36
1945	140.4	108.2	170	474	55,858	915	373	437	346	1,155	44
1946	142.1	109.5	160	474	55,590	746	340	369	276	985	41
1947	144.9	111.6	157	436	55,252	745	289	384	295	969	35
1948	147.4	113.5	153	426	55,168	637	284	285	351	920	32
1949 2/	150.1	115.6	164	413	55,600	749					41

1/ Assuming same percentage distribution between young and mature birds in farm consumption as in sales.

2/ Preliminary.

The American poultry industry in 1949 was at a production level about as high as any other peacetime year. This is true even considered relative to the growing population of the United States. The prospective moderate reductions in numbers of young poultry in 1950 must be viewed in comparison with the large 1949 numbers, which were exceeded only in the war years when this country undertook food supply responsibilities abroad.

OUTLOOK FOR 1950

Domestic Demand for 1950 Expected To be Off from 1949 Level

Annual average prices of eggs and poultry in the United States are closely related to the level of business activity and of consumer incomes. These factors are convenient gauges by which "demand" can be roughly measured. As is shown on the cover chart, changes in annual average egg prices closely follow changes in per capita disposable income. A similar association can be shown for poultry meat. Prospective changes in per capita income and in other demand factors can accordingly indicate the direction and intensity of some of the forces which bear upon egg and poultry prices (as well as upon prices of most other farm products).

The 1950 outlook indicates a slight downward movement for urban employment, incomes, and business activity generally. While 1950 activity is expected to be high by all prewar standards, it probably will be lower than in either 1948 or 1949. The downward movement is not expected to be sharp or sudden, but instead a continuation of the slow declines from the postwar peaks. A more detailed discussion of the demand outlook and its implications for agricultural prices will be found in the Outlook issue of The Demand and Price Situation.

Plentiful Feed Supplies, Declining Farm Income, Availability of Family Labor, Will Limit Tendency for Poultry Numbers to Fall from High 1949 Levels

Large carry-overs from the 1948 feed-grain harvest, plus another bumper corn crop this year, assure poultrymen and other livestock producers of record feed-grain supplies. The lower prices that are likely to apply to grains and related products will probably bring poultry ration costs in 1950 to a level slightly lower than 1949.

Both in total and relative to prospective numbers of livestock to be fed, supplies of feed grain for the feeding year October 1949-September 1950, are a record. Price support loan rates are a little lower than in 1948--corn at the equivalent of 90 percent of parity is down 4 cents per bushel. Enough "free" stocks are available to bring current prices slightly under loan levels. Poultrymen can expect that this situation will continue through much of the coming feeding year, at least until "free" market corn is absorbed or until prospects concerning the 1950 corn crop become fairly definite.

Supplies of byproduct feeds from wheat flour milling will continue fairly plentiful, although slightly less so than last year. The volume of these feeds available for feeding is in proportion to the activity of domestic flour mills rather than in proportion to the size of the U. S. wheat stocks. While they probably will be scarcer than last year, these feeds may not be higher, since their prices are affected to some extent by competition from corn and other grains.

Protein feeds used to balance poultry rations are selling at relatively high prices compared with grain. This relation is expected to continue through most of 1950, although the price of proteins may decline slightly during the year. In early October, corn and oats were less than 15 percent above their 1939-48 averages (October prices in each year). In early October meat scraps were 53 percent higher than that average, and fish meal was 80 percent higher. Soybean meal was priced 42 percent above the average. These high prices for protein feeds are only partly offset by recent advances in the field of nutrition which permit greater efficiency in their use in poultry rations. These advances, which are already being applied, include the fortification of mashes with mineral and vitamin supplements.

On most farms in the United States poultry is a supplementary enterprise. As such, it has provided an opportunity to more efficiently use family labor and a certain amount of farm-grown grains. This fact may limit declines in poultry production which are to a certain degree indicated by prospective price relationships. The general decline in net farm income from the 1948 peak may be creating a pressure toward the fuller employment of family labor--which now is available on farms in larger numbers than during the war.

The ample feed supply and the desire to maintain farm income--which is being distributed to a farm population increased over its wartime numbers--may tend to hold poultry numbers in 1950 nearer the high 1948 figures than might be expected on the basis of price relationships and price expectations alone.

Egg Supplies January to June 1950 to Exceed 1949; Output in Later Half of Year Uncertain

The number of potential layers on farms in January is the most important factor in estimating egg output for the following six or eight months. From year to year, mortality and culling losses in the Nation's laying flocks are relatively stable and changes in rate of lay are gradual. Therefore, the number of layers is the most variable of the factors affecting year-to-year changes in egg output.

On the basis of number of potential layers and young chickens currently estimated to be on farms, it is likely that January numbers will be 3 or 4 percent larger than the 413 million potential layers (including laying hens and pullets) reported on January 1, 1949. Egg output for the January through June period will increase in the same measure over a year earlier if culling and death losses are normal and if rate of lay is maintained. At present, there is no basis for predicting death losses. Culling rates may exceed those of 1949 if springtime egg prices are markedly lower than a year before. If rate of lay changes it is likely to be upward in keeping with the past trend.

Table 2.- Farm population, realized net income to farm operators from agriculture, farm output, and parity ratio, 1930 to date

Year	Farm population January 1	Realized net income to farm operators from agriculture	Index of farm output (1935-39=100)	Parity ratio
	Million	Billion dollars	Percent	Percent
1930	30.2	4.3	95	80
1931	30.5	2.7	104	64
1932	31.0	1.8	101	55
1933	32.0	2.7	93	60
1934	31.9	3.8	79	70
1935	31.8	4.4	96	84
1936	31.4	5.1	85	90
1937	30.9	5.1	108	92
1938	30.6	4.3	105	77
1939	30.5	4.5	106	77
1940	30.3	4.5	110	80
1941	30.0	6.4	114	94
1942	29.0	9.1	128	106
1943	26.7	12.1	125	119
1944	25.5	12.5	130	116
1945	25.2	12.8	129	117
1946	26.8	15.0	134	121
1947	27.6	17.8	129	120
1948	27.4	16.7	140	115
1949 1/	27.8	14.0	138	2/ 104

1/ Preliminary estimates.
2/ Average January to September.

If laying flocks are 3 or 4 percent larger than a year ago, output in January through June 1950 could supply 200 to 210 eggs per capita, after allowing for normal exports, hatching requirements and a substantial accumulation of eggs in commercial cold storage. If storage stocks of shell and frozen are to be built up to the levels of July 1, 1948, the 200 to 210 eggs per capita which would remain would be about the same as was consumed domestically in comparable recent past periods. The record January-June per capita apparent disappearance was 208 eggs in 1947. In recent years, the surplus after commercial requirements, at support prices, has been absorbed by Government purchases.

Many birds from the January laying flock will be used as layers in the last half of 1950. Beginning in about August, however, the total number of layers will be substantially influenced by the addition of pullets from the 1950 hatch. At present the size of that hatch is uncertain. If it shows only a moderate decline from 1949, egg production in the last half of 1950 may be near that of this year. In addition, there is a prospect for larger commercial cold-storage stocks of eggs in 1950 than in 1949.

Egg Prices in 1950 to be Lower Than in 1949; Business Conditions and Possible Price Support to Set Level

Egg prices will not average as high in 1950 as in 1949. Because of increased supplies through at least the first 6 months, and the prospects for a slightly lower demand, average springtime prices may fall as much as 10 or 15 percent from 1949 unless price supports are established to maintain a higher level.

Moderately lower egg prices, if they occur in the spring of 1950, may help prevent a surplus later in the year. Lower springtime prices will induce smaller baby chick placements for farm laying flock replacements. This would result in lower egg production later in the year.

The prospect for lower prices in the fall and early winter of 1950 than at present is influenced by the likelihood that the increase then in storage holdings (over 1949) will offset to some extent the possible decrease in egg production at that time. As a result, the total supply for the fall and early winter of 1950 may be little different than in 1949. But it may be better distributed from month to month on account of the greater flexibility possible in timing the uses of storage supplies as compared with current production. The consequent smoothing of price peaks, and the slightly lower demand expected then, may result in a steadier but lower fall market in 1950 than in 1949.

Fewer Pullets to be Saved for Egg Production in 1950; Extent of Decline to Depend on Springtime Egg Prices

In the past, annual changes in the numbers of pullets saved for farm flock replacements have been closely related to poultrymen's returns during the hatching season and in the months immediately preceding. The egg-feed price ratio is a simple indicator of returns to the egg producer. On the basis of the past relation between the egg-feed price ratio and poultrymen's responses, if egg prices next spring are moderately lower, chick placements on farms next spring will also be moderately smaller.

Even if springtime egg prices in 1950 fall to moderately below 1949, the egg feed ratio would indicate that the number of chickens raised in 1950 will be larger than in 1948. A moderate drop in egg prices, even if feed prices do not decline substantially from present levels, would result in an egg-feed ratio more favorable than the adverse monthly ratios which influenced the 1948 output of chicks. For the twelve months prior to September 1949, layers from the 1948 output of chicks made up the majority of the national laying flock, Egg production in that period was adequate for all commercial requirements at prices which averaged only slightly above support levels. This suggests that a 1950 hatch somewhat smaller than 1949, though larger than 1948, will not reduce domestic egg consumption to levels below those recently experienced. Moderating influences which will hold young chicken numbers in 1950 nearer to high 1949 levels than might otherwise be expected are the ample feed supplies and the availability of labor.

Table 3.- Egg-feed price ratio, chickens raised, and pullets on farms, United States, 1925-48

Year	Egg-feed price ratio* (weighted average)	Chickens raised	Pullets on farms January 1 following	Percentage of preceding year: Egg-feed price ratio	Percentage of preceding year: Chickens raised	Percentage of preceding year: Pullets on farms January 1 following
	Pounds	Millions	Millions	Percent	Percent	Percent
1925	12.9	679		102	103	
1926	13.5	718		105	106	
1927	13.4	750		99	104	
1928	12.2	700		91	93	
1929	13.1	751		107	107	
1930	13.8	777	244	105	104	
1931	10.6	709	230	77	91	94
1932	11.6	736	237	109	104	103
1933	14.3	750	238	123	102	100
1934	10.9	644	212	76	86	89
1935	11.4	658	226	105	102	107
1936	13.1	715	249	115	109	110
1937	9.4	601	215	72	84	86
1938	11.4	651	242	121	108	113
1939	12.6	697	254	111	107	105
1940	10.4	634	240	83	91	94
1941	11.5	745	278	111	118	116
1942	13.2	844	319	115	113	115
1943	14.7	1,001	350	111	119	110
1944	11.2	832	301	76	83	86
1945	12.8	915	325	114	110	108
1946	11.9	746	285	93	82	88
1947	11.3	745	285	95	100	100
1948	9.8	637	268	87	86	94
1949	12.7	1/ 749		130	1/ 118	

1/ Preliminary.

*Weights are as follows: Preceding November, 1; preceding December, 2; January, 3; February, 4; March, 5; April, 3; May, 1.

Table 4.- Egg-feed price ratios, and chickens raised by regions, 1941-49

Year	New England: Egg-feed price ratio*	New England: Chickens raised	Middle Atlantic: Egg-feed price ratio*	Middle Atlantic: Chickens raised	East North Central: Egg-feed price ratio*	East North Central: Chickens raised
	Pounds	Millions	Pounds	Millions	Pounds	Millions
1941	11.6	23	11.6	62	10.1	143
1942	13.1	28	13.7	72	12.8	156
1943	15.2	34	15.4	94	14.4	184
1944	11.2	31	11.2	80	11.0	154
1945	13.7	34	13.8	91	12.5	176
1946	11.9	22	12.0	70	11.6	143
1947	13.0	25	12.5	71	10.9	141
1948	11.3	23	11.2	65	9.5	117
1949	14.1	1/ 28	13.9	1/80	12.4	1/ 143
	West North Central		South Atlantic		East South Central	
1941	10.8	211	9.6	84	9.0	67
1942	13.9	246	11.6	91	11.6	78
1943	15.3	286	12.8	108	12.6	89
1944	11.8	239	10.2	93	10.2	73
1945	12.9	259	11.7	94	11.4	76
1946	12.1	215	11.2	81	11.3	70
1947	11.0	216	11.0	77	10.6	67
1948	8.8	163	10.1	72	9.5	63
1949	12.5	1/ 196	12.0	1/ 76	12.0	1/ 68
	West South Central		Mountain		Pacific	
1941	9.6	90	11.0	23	11.6	42
1942	12.7	101	13.5	27	12.8	45
1943	13.6	120	15.2	33	15.4	53
1944	10.8	94	12.1	26	11.8	42
1945	12.0	104	13.6	30	13.6	51
1946	11.2	84	12.9	23	12.0	38
1947	10.7	83	11.7	24	12.2	41
1948	9.5	72	10.7	22	10.6	40
1949	12.0	1/ 88	13.2	1/ 24	12.7	1/ 46

1/ Preliminary.

*Weighted average of monthly ratios as follows: Preceding November, 1; preceding December, 2; January, 3; February, 4; March, 5; April, 3; May, 1; except for the year 1941 which is based on the months January to May only.

Storage Stocks to Bolster Poultry Meat Supplies; Steady Prices Expected Until Summer

Young farm chickens, mature farm chickens, and commercial broilers make up practically all of the chicken supply. Table 1 shows the importance of the two classes of farm chickens in total chicken supply. In terms of pounds of poultry meat, commercial broilers have supplied a somewhat smaller share of the market than either of the other two classes, although the number of birds has been large. Fresh farm chickens provide a relatively small part of the poultry meat supply during the first four months of each calendar year. Stocks of frozen poultry, and the output of specialized broiler producers, are the principal sources of chicken meat until May or June when marketings from farms begin their seasonal increase. The origins of the poultry meat supply, and the prospective January 1950 storage stocks of poultry, indicate the volume and distribution of poultry supplies for 1950.

Stocks of frozen poultry at the beginning of 1950 probably will be considerably larger than a year earlier. These stocks will include a large amount of turkey -- perhaps as much as 120 million pounds -- which in the restaurant trade competes directly with chicken. There is a possibility that these turkey stocks may remain in storage unless the prevailing price is more favorable than the Government paying price already announced for July 1950. Despite this possibility, as long as they last these stocks will be a considerable buffer to any potential substantial increase in poultry prices. At the same time, the opportunity to reduce broiler chick placements in the event of a sharp price downturn means that, at least until farm chickens are marketed in volume, such a possible sharp price downturn would be relatively short-lived.

These circumstances may govern the poultry situation until about May or June, and result in fairly steady prices until then. But in these and following months, marketings of farm chicken will assume substantial proportions. Mature birds will be marketed in proportion to numbers of January layers, where a 3 or 4 percent increase is already anticipated. Even if the 1950 hatch of chicks is reduced, the seasonal increase in the marketings of farm young stock will be substantial. These considerations make the poultry price outlook after mid-year less favorable to producers. This may be particularly so if by then there is indication of another large turkey crop, or weakening of competing red meat prices as a consequence of increased pork supplies.

Increased Efficiency of Broiler Production Improves Industry's Competitive Position

The production period in the specialized broiler industry is so short--12 to 14 weeks, after 3 weeks of incubation--that growers faced with unfavorable market situations can reduce operations more quickly than can any other segment of the poultry industry. In recent years, such reductions have been few because market conditions and price ratios have, by and large, been favorable. Advances in nutrition, breeding, and management have improved efficiency to the point where under field conditions a pound of gain can be attained for each three pounds of feed, although this is not yet the industry average. The industry has steadily expanded, as shown in table 1.

The recent expansion of the broiler industry has included enterprises on farms where broiler production is seasonal. Output on such farms is dove-tailed with other farm enterprises to efficiently use family labor in slack seasons. This usually involves flocks smaller than those which would require an attendant's full time. Side-line production of this type may continue its volume even in the face of prices which might discourage more commercialized production.

Another consideration leading to the expectation that broiler output will be maintained is the fact that many important consuming centers, such as Chicago, Detroit, and Cleveland, still have no major concentrations of broiler production nearby. The opportunity to produce broilers near these important consuming centers suggests that the industry may continue to grow, in time adjusting its location to its markets. Under these circumstances, and barring violent price changes which are not now foreseen, the industry in 1950 may produce nearly as many or perhaps even more broilers than in 1949. The 1949 output will be a record.

Larger Cold-Storage Accumulations of Eggs Seen For 1950; Year also Expected to Open with Normal Stocks of Frozen Poultry

The commercial accumulation of eggs for cold storage in 1949 was the smallest since 1916. Indications are that storage activity in 1950 will be far ahead of the low level of 1949 and may be close to that of 1948. In 1949 peak commercial storage holdings of shell and frozen eggs combined were 43 percent smaller than the 1948 peak. The peak commercial holdings in 1948 were equivalent to 11.6 million cases, against 6.6 million cases (equivalent) in 1949.

Several considerations point to larger storage accumulations in 1950. If springtime prices are low but fairly stable, the expectation for a substantial difference between spring and fall prices will be increased. In addition, storage activity probably will be encouraged by the favorable outturn of 1949 storage activities. October egg futures at Chicago, which quotations are a measure of value of storage eggs, rose from about 49 cents or less in the early part of the 1949 into-storage season to over 56 cents as a peak in mid-September. While this price broke sharply early in October, actual stocks of shell eggs by then were so small that the adverse effects of the price reaction may not have struck many holders of stored shell eggs, so the 1949 egg-storage season can be considered a profitable one. In the past, the profitability of the preceding year's storage operations has had an important effect on the volume of storage done in the current year.

Frozen poultry stocks usually are at or near a seasonal peak at the beginning of each calendar year. The holdings accumulated in 1948 were small on account of the small supply and consequent relatively high price for poultry. The U. S. average farm price of chicken now is about 23 percent lower than at this time last year. This reduces the costs of accumulating and carrying storage stocks.

The net inmovement of poultry began one month earlier in 1949 than in 1948, because seasonally large supplies exceeded current consumption requirements this year by a greater extent than last year. The steady inmovement that has been reported since August, plus the price insurance provided for stored turkeys under the terms of the turkey support program, lead to the expectation that frozen poultry stocks at the beginning of 1950 will be far larger than the small holdings of January 1, 1949, and perhaps almost as large as the 317 million pounds of total frozen poultry for January 1, 1948.

Table 5.- Cold-storage holdings: Turkeys and total poultry January 1, and shell and frozen eggs, July 1, 1930-1949

Year	Turkeys	Total poultry	Eggs		
			Shell	Frozen	Total, as case equivalent 1/
	Mil. lb.	Mil. lb.	Thous. cases	Mil. lb.	Thous. cases
1930	10	141	10,743	115	13,941
1931	5	105	9,507	114	12,617
1932	10	117	6,339	100	9,092
1933	15	112	9,364	103	12,186
1934	16	124	8,965	116	12,102
1935	19	132	7,595	108	10,512
1936	17	107	7,058	112	10,078
1937	35	188	8,548	165	12,943
1938	26	124	6,255	139	9,949
1939	23	139	6,977	141	10,749
1940	52	168	7,513	150	11,523
1941	61	208	6,427	179	11,190
1942	50	218	7,935	278	15,362
1943	36	188	8,871	323	17,478
1944	37	226	11,335	354	20,781
1945	73	269	6,120	256	12,945
1946	108	356	9,871	265	16,939
1947	128	317	4.203	237	10,531
1948	83	317	5,669	267	12,782
1949	51	160	2.220	167	6,732

1/ Beginning with January, 1937, the conversion factor for frozen eggs to shell egg equivalent has been 37 1/2 pounds equal 1 case. Prior to that date, yields were lower and a variable conversion was employed to reflect the yields then prevalent.

Turkey Crop for 1950 Expected Large, Though Under 1949; Carry-over an Influence

Despite the near-record size of the 1949 turkey crop, the present turkey-feed price ratio is very near the long-time average. At 9.9 pounds for the month of September 1949, this ratio was within 0.1 pounds of the 1938-47 average (120 months). This is practically as favorable as the average of the ratios which have resulted in an average annual increase of almost 6 percent in turkey poults raised from the early thirties through 1949.

While the 1949 turkey-feed ratio is less favorable to producers than the ratio which prevailed when the short turkey crop of 1948 was sold, 1949 prices have not fallen to the 90 percent of parity level which is the floor for Government support. Even at the support level, the turkey-feed price ratio would not be lower than 9.1 pounds during the remainder of the marketing season. 1/ Such a ratio, if it were to occur, would decrease turkey numbers from the already high levels of 1949, but not necessarily to the low level of numbers that were raised in 1948.

1/ Assuming unchanged prices for turkey ration.

Although Government purchases under the 1949 turkey price-support program will not be made during the 1950 turkey hatching season, the program will be available to support prices at which stored winter turkeys will be sold. A springtime price for dressed birds, comparable to a 31-cent live price during the slaughter season, is provided by the announcement that the Department of Agriculture will buy winter-killed turkeys under specified conditions in July 1950, if such turkey has not by then found a commercial outlet. This support may hold turkey prices during the season at a level that will be an influence toward maintained poultry output.

Table 6.- Turkey-feed price ratio and turkeys raised, 1930 to date

Year	Turkey-feed price ratio 1/	Turkeys raised following year	Change from preceding year		
			Turkey-feed price ratio 1/	Turkeys raised following year	
	Pounds	Million	Pounds	Million	Percent
1930	10.7	18			
1931	14.6	22	+ 3.9	+ 4	+ 16
1932	11.7	23	- 2.9	+ 1	- 17
1933	8.0	22	- 3.7	- 1	- 9
1934	7.6	21	- 0.4	- 1	- 1
1935	12.2	28	+ 4.6	+ 7	+ 38
1936	6.6	26	- 5.6	- 2	- 40
1937	10.7	27	+ 4.1	+ 1	+ 11
1938	12.5	34	+ 1.8	+ 7	+ 22
1939	9.4	34	- 3.1	0	- 26
1940	9.4	33	0	- 1	- 3
1941	10.1	33	+ 0.7	0	+ 3
1942	12.4	32	+ 2.3	- 1	- 3
1943	11.3	36	- 1.1	+ 4	+ 15
1944	11.9	44	+ 0.6	+ 8	+ 10
1945	11.1	41	- 0.8	- 3	- 29
1946	10.2	35	- .9	- 6	- 8
1947	7.7	32	- 2.5	- 3	+ 6
1948	13.1	41	+ 5.4	+ 9	+ 37

1/ Weighted average of monthly ratios as follows:
1930-1944, October, 1; November, 4; December, 4; following January, 1.
1945 to date, October, 2; November, 4; December, 3; following January, 1.

Poultrymen's Incomes in 1950 Likely to be Less Than This Year; Percentagewise, Net to Decline More Than Gross

The lower prices (compared with 1949 average) which are expected for the 1950 sales of eggs, chickens (including broilers), and turkeys will result in reduced receipts from sales of those items. The prospective reductions in prices will have no appreciable income offsets from increased volume of sales, except possibly for eggs. This possible offset is not likely to hold gross receipts from poultry at the 1949 level, which for the four major categories will total slightly over 3,000 million dollars.

Prospective cash receipts from sales of poultry products in 1949 are as follows: eggs, 1,818 million dollars; farm chickens, 505 million dollars; commercial broilers, 451 million dollars; and turkeys, 235 million dollars. In 1948 cash receipts for these same items were; eggs, 1,857 million dollars; farm chickens, 542 million dollars; broilers, 381 million dollars; and turkeys, 255 million dollars. The 1944 total of these 4 items was 3,035 million dollars, a record.

Since poultrymen's aggregate costs are not expected to fall sharply if at all, declines in receipts will be reflected almost entirely in net income. The small declines likely in poultry ration prices (the largest single cost item to poultry producers) may be partly offset by increases in other items, particularly taxes, fuel, and replacement costs for equipment.

Foreign Currency Devaluation Makes U. S. a Favorable Market; Increased Canadian Exports to U. S. a Possibility

The devaluation of currencies by many foreign nations in September may induce trade shifts in eggs which will affect United States markets. A general effect of the devaluation is to make the United States a more favorable place in which other countries might sell, and a less favorable country from which to buy. Since devaluation occurred during a period when egg production abroad is rising, the realignments of buyers and sellers in the world market may have repercussions in exports to the United States.

Devaluation is not likely to seriously affect U. S. exports of eggs. Commercial exports and shipments from the United States, averaging one-half million cases annually over the five years beginning with 1941, are relatively small, and are not likely to be much affected since they are mostly to conveniently located hard-currency areas. Our exports of dried eggs, under Government auspices, also may be relatively unaffected since the terms of export involve Government-to-Government arrangements, rather than the free play of price and demand.

In considering the possibility of imports, Canada is the country to which major attention must be given at the present time. Some trade in eggs with Canada has occurred in each of the past few years, but the British-Canadian trade agreement for eggs has helped divert a large part of recent Canadian egg exports to destinations outside of North America. Until recently the Canadian Special Products Board required prospective egg exporters to deliver 10 times as many eggs for shipment to the United Kingdom as were intended for export elsewhere. At present (October 13) no new egg agreement for 1950 has been concluded between Canada and Great Britain. The prospective decline in Canadian egg production will not fully compensate for the loss of the British market, if an agreement is not negotiated.

The U. S. tariff on hen's eggs from Canada is 3 1/2 cents per dozen. Recent Montreal prices are compared with New York prices in table 7 below. In 1948 and until devaluation in September 1949 the official exchange rate was 100 Canadian cents per U. S. dollar; since devaluation, the effective rate is about 91 cents per U. S. dollar.

Table 7.- Eggs: Prices per dozen for Grade A Large in Montreal and for White Extras in New York, selected dates, 1948-49

Date 1/	1948		1949	
	Montreal	New York	Montreal	New York
	Cents, Canadian	Cents, U. S.	Cents, Canadian	Cents, U.S.
Jan. 3	48	56.5	49	54.5
Jan. 31	43	47.5	44	45.4
Feb. 28	44.5	52.0	49	47.0
Mar. 28	44	48.5	45	49.0
Apr. 25	45	47.2	46.5	54.5
May 23	43.5	49.0	47	50.4
June 20	45.5	51.5	57.5	50.5
July 18	51.5	50.2	68	56.5
Aug. 15	60.5	59.0	63.5	58.0
Sept. 12	56.5	61.5	67	67.0
Oct. 10	68.5	66.5		63.5
Nov. 7	70.5	67.0		
Dec. 5	51.5	56.6		

1/ Where given date is a Saturday or Sunday, quotation is for Monday following.

U. S. Department of Agriculture
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Table 8.- Price of eggs received by farmers, disposable income per capita and civilian egg consumption, 1935-49
(Data for cover chart)

Year	Prices of eggs received by farmers, per dozen	Disposable income per capita	Civilian egg consumption per capita	As a percentage of 1935-39 average: Price of eggs received by farmers	Disposable income, per capita	Civilian egg consumption per capita
	Cents	Dollars	Numbers	Percent	Percent	Percent
1935	23.4	453	278	112	89	93
1936	21.8	513	287	105	101	96
1937	21.3	549	306	102	108	103
1938	20.3	501	308	98	98	103
1939	17.4	533	311	84	104	104
1940	18.0	570	317	87	112	106
1941	23.5	686	311	113	134	104
1942	30.0	861	316	144	169	106
1943	37.1	964	346	178	189	116
1944	32.5	1,058	350	156	208	117
1945	37.7	1,076	397	181	211	133
1946	37.6	1,113	374	181	218	126
1947	45.3	1,187	379	218	233	128
1948	47.2	1,294	386	227	254	130
1949 1/	46.7	1,278	374	225	250	128

1/ Indications as of October 1949.